

## FROM THE DESK OF THE DISTRICT DIRECTOR

Year-ends always provide an opportunity to review the year that is soon passed as well as to start preparing for the activities and challenges of the year to come.

FY 2003 (October-September) presented its share of challenges and successes for the Georgia District Office. Although we lost three employees in our Finance Division, we were still fortunate to provide a seven- to ten-business day turn-around on most SBA loans processed in the District Office. We had a record level of lending activity—an overall increase of 47 percent!



*Terri L. Denison*

SBA-backed loans to minority-, women-, and veteran-owned businesses also saw significant gains. We added additional lending partners with new SBA participating commercial lenders, microlenders, and the introduction of the SBA's Community Express loan product to the Georgia market.

In conjunction with the SBA Regional Office, the Georgia District Office started examining how we can improve our service to various segments of the state's small business market. Our first effort in this initiative was to convene a joint Strategic Outreach Task Force to look at the SBA's efforts and effectiveness in the African-American market segment. In addition to the input of the Task Force members, the Georgia District Office conducted several focus groups around the state with lenders, small business service providers, and African-American small business owners to get a broader, statewide perspective. As we head into calendar year 2004, we will be publicizing the findings of the Task Force and starting to implement the recommendations made.

In 2004, the Georgia District Office initiatives and activities will be governed by three strategic goals: 1) expanding our marketing and outreach efforts; 2) increasing use of the SBA's programs and services, and 3) preparing our office for the "New SBA", which will focus more on district offices' client management, linking efforts to results and partnership development.

## SBA Programs Advance Across the Board in FY 2003

Strong increases in the Georgia District's loan volume led the way in a banner FY 2003 that also covered Marketing & Outreach, 8(a) Business Development, Surety Bonds and SCORE counseling activity.

The District exceeded all lending goals in FY 2003 with 1,491 loans approved under the 7(a) Program totaling approximately \$362.7 million. This was a 40 percent increase in 7(a) numbers compared to a year ago when the District approved 1,151 loans for a total of \$439 million under 7(a).

Proceeds from a 7(a) Loan can be used for most business purposes including working capital, machinery, land and buildings.

A total of 12 new 7(a) lenders signed on with SBA in the state and eight lenders obtained new Preferred Lender status. Seven new SBAExpress lenders were also approved during the year.

The District posted a 149 percent increase in 504 loans with 137 during the past year for a total of \$77.9 million. In FY 2002, there were 86 loans made for a total of \$41.7 million under the 504 Program which provides long-term, fixed-rate financing for real estate, machinery and other long-life, fixed assets

The past year also brought record numbers of loans for minorities, women and veterans in Georgia.

Companies in the District's 8(a) Business Development Program obtained 312 federal contracts for \$72.7 million during the fiscal year.

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# New Rules Allow SBA 504 Lenders to Operate Statewide

The U.S. Small Business Administration has modified its 504 Certified Development Company Program to encourage creation of new lenders, expand the territories they serve, and, ultimately, encourage small firms to invest more in plant- equipment and new employees.

The new 504 rules, which became effective in early November, allow 504 lenders, known as "Certified Development Companies (CDCs)" to do business anywhere in the state where they are headquartered.

Some other highlights of the 504 changes include more flexible membership requirements for CDCs; greater authority to approve more non-standard projects; and elimination of rules requiring a minimum number of loans by each lender.

"We believe the new rules will make the 504 Program more responsive to changes in market conditions," said SBA Administrator Hector V. Barreto.

Demand for loans under the 504 Program has not reached the maximum budgetary authority for many years, although the program registered a record \$3.16 billion in loans to small businesses in FY 2003.

The 504 Program provides long-term, fixed-rate financing to small businesses at favorable rates.

The newly enacted rules increase the maximum SBA portion of a 504 Loan from \$1 million to \$1.3 million if the project meets certain public policy goals.

"You may see some CDCs move into wider territories, but for the most part I think people will continue to concentrate on local market areas," said Tony O'Reilly. O'Reilly is Executive Director of the Small Business Assistance Corporation, a Savannah-based CDC.



504 Lender Tony O'Reilly

O'Reilly adds that he and others in 504 lending expect more changes in the program soon, and most CDCs look forward to those changes.

With an eye towards bringing more 504 loans to manufacturers, Congress is considering legislation that calls for the maximum 504 loan amount to be increased to as high as \$4 million in some instances.

## More Jobs: the Heart of America's Economic Growth



**By SBA Regional Administrator Nuby J. Fowler**

This has been an exceptional, record breaking year for SBA's lending, technical assistance and procurement programs. Thanks to the great work of a dedicated SBA staff and our many community partners, who make the delivery of SBA programs possible, the agency has out-performed even our most optimistic projections. We are helping more businesses get started, facilitating more expansions, providing more counseling and training, and creating more jobs than ever before.

At the same time, SBA offices across the country are responding to the evolving needs of our small business customers with innovative marketing and outreach strategies. Consequently, we have greatly expanded the use of our programs in traditionally underserved minority communities and for women. We have forged new lender relationships that have enabled us to expand the availability of smaller loans through Community Express and SBA's procurement assistance programs have taken on new life with the rollout of regional "Matchmaking" events. A great many positive things have occurred this year at SBA, not the least of which is our renewed focus on job creation and the impact our programs are having in helping the economy gain momentum.

Job creation is at the heart of President Bush's plan for economic growth and central to SBA's mission to help start and grow small businesses. I am encouraged that we are seeing new job growth and that small business is a primary source for those new jobs. I am also heartened by the President's Six-Point Plan to make health insurance more affordable; reduce the number of burdensome lawsuits that drag down the economy; and make tax reductions for families and businesses permanent. These proposals offer the promise of creating an even better environment for small business, for job creation and economic growth.

## E. SMITH BOX USES SBA 7(A) LOAN FOR EXPANSION

When Eddie R. Smith established E. Smith Box Inc., in June of 1987, he had over a decade of experience in the packaging business. Smith had joined the Mead Corporation as a part-time employee during his freshman year at the University of Georgia. That job would later give him a strong background in packaging including production, planning, sales, and customer service.

But even with experience, Smith had to take his share of risk in growing his company. Currently with 45 employees, E. Smith Box was the first minority-owned, corrugated box manufacturer established in the Southeast.

"On a few occasions we've had to purchase major machinery when we were not promised the business to justify its cost," said Smith, 51. "But in order to prove ourselves to our customers, we stepped out on faith to earn potential business opportunities."

Smith says that in the long run, his risks have always paid off. He adds that his long-time relationship with Citizens Trust Bank (CTB) in Atlanta is something else that has paid off for his company.

In May of 1996, Smith obtained a \$415,000 loan from CTB under the SBA's 7(a) Program which guarantees a major portion of the loan to encourage a bank to lend to small business. His loan was paid off in May of this year and is an example of the bank financing Smith has used in growing his business.

"I believe my SBA-backed loan helped us consolidate



*Smith, left, and CTB's Derek Grayson look at UPS Package*

some debt and improve our cash flow," explained Smith whose wife, Eloise, is the company's Chief Financial Officer.

When he started his company, Smith had \$50 in cash and a stack of business cards. Today, his company makes its boxes in a 75,000 square-foot plant and has annual sales of some \$6 million.

Its main product line, being shipped into 25 states, is made up of specialized corrugated boxes. In 2002, Smith entered into a long-term agreement to provide UPS with national packaging services from his box plant in Atlanta.

## SBA Programs and Services Posts Strong Increases in Georgia for 2003



*SBA Day-Care Business Workshop*

*(Continued from Page One)*

The 8(a) contract totals include contract awards, purchase orders and modifications.

Under 8(a), the SBA is able to use statutory authority to provide business development and federal contract support to small, disadvantaged businesses. As part of this effort, the District Office conducted five "Matchmaking" events during the year that brought together 8(a) companies and contractors.

There were also 17 first-time contract awards made to firms

participating in the program. The number of Georgia companies in 8(a) grew from 247 to 259 at year end.

The SBA Business Information Center, housed at the District Office in Atlanta, counseled and trained 3,796 clients during the fiscal year.

The agency's Marketing & Outreach Division provided counseling and training to an additional 3,241 clients including workshops, seminars and faith-based business activities. M&O also coordinated five Lender "Roundtables."

The Georgia Small Business Development Center, an SBA resource partner, reported that it had 14,946 counseling and training clients during FY 2003. This activity was handled by staffers at the 20 SBDC field offices in Georgia.

Another 12,451 people received counseling or training at the Service Corps of Retired Executives (SCORE) offices throughout Georgia.

The number of SBA Surety Bond guarantees issued to small contractors in Georgia jumped during FY 2003 with 268 bid bonds approved on \$102.8 million in contracts. Another 129 final bonds were made on contracts totaling \$42.4 million. The bid bond totals were up 33 percent over a year ago while final bond activity increased by 42 percent.

Working with commercial bonding agents, the SBA can issue guarantees on bid, performance and payment bonds.



## SCORE/Atlanta Led Nation in One-on-One Counseling in '03

The Atlanta Chapter of the Service Corps of Retired Executives (SCORE) was the nation's top producer of face-to-face counseling in FY 2003 for people trying to start or expand a small business.

The Atlanta SCORE volunteers held 7,166 sessions with clients in person during the past year. The Atlanta Chapter also ranked fourth in the nation in total counseling, with 15 percent of its sessions held online with small business clients.

"Those face-to-face counseling sessions were produced in our five branches, in Lowe's stores, in the Women's Employment Opportunity Office and other locations," said Fred Abood, Atlanta SCORE President. He noted that attendance at the Chapter's seminars and workshops reached 2,305 during the year, which is a 160 percent increase over fiscal year 2002.

Abood said his group, now at 105 members, has applied for the National SCORE Chapter of the Year Award based on its outstanding results in all categories. "Total services are up 14 percent over last year and our membership is up 28 percent while the number of female SCORE members has gone from 8 percent to 16 percent," he pointed out.

"Our membership is not only more diverse but it is younger and the new members are often employed," said Abood.

Together with its partner, NAACP Atlanta Branch, the SCORE Chapter obtained a state grant of \$14,000 that was used to fund a free seminar series. With funding, SCORE and the NAACP drew hundreds of people to each seminar during the year and the program got high marks in feed-back surveys.

SCORE partnered with Lowe's Home Improvement Warehouse to bring counseling and workshops to their commercial customers, thereby providing services to an entirely new market segment.



***Wanda Brazier and Sal Norman of SCORE***

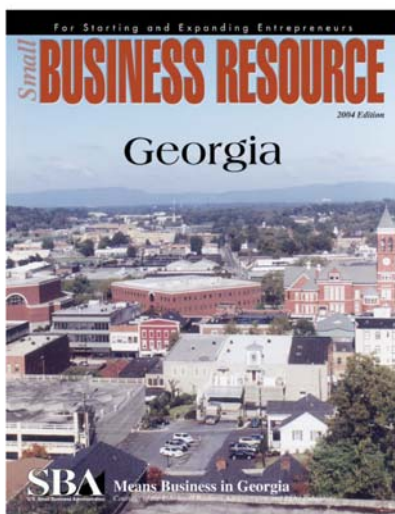
SCORE joined with other organizations during the year to help small businesses including Junior Achievement, the Gwinnett Chamber of Commerce, the Cobb Chamber of Commerce, the Hispanic Chamber of Commerce, the U. S. Army, and Atlanta Technical College.

In addition, the Chapter was able to help its Columbus, Georgia branch become an independent chapter in 2003. The new SCORE chapter in Columbus produced 269 services during the year.

Abood said SCORE held 84 seminars during the year, against a goal of 83 for the 12-month period.

### **2004 Resource Guide Features Rome Photo**

The cover of the SBA 2004 Resource Guide looks west over downtown Rome, Georgia and was taken from "Clocktower Hill," one of seven hills around the city. The Clock Tower has been keeping time since 1872 and overlooks the city, named in 1834 for Rome, Italy. Rome is a growing commercial, educational and medical center for Northwest Georgia, and combined with Floyd County, has a population of over 125,000 people with an estimated buying income of \$1.4 billion.



### **New SBA Web Tool Offers Help To State Lawmakers/Small Business**

State legislators, small business owners, and activists in the fight for economic development now have a new web tool in their arsenal. Launched by the SBA Office of Advocacy as part of its initiative for state regulatory policy, the web site offers a wealth of information on current state laws, proposed legislation, and other statistics.

The new Advocacy web tool, located at [www.sba.gov/advo/laws/law\\_modelleg.html](http://www.sba.gov/advo/laws/law_modelleg.html), is the latest step in Advocacy's promotion of small business friendly regulatory policy at the state level. Advocacy has developed legislation, modeled after the federal Regulatory Flexibility Act (RFA), that would require state agencies to consider the impact of regulatory mandates on small business before they are enacted. Currently, states offer a patchwork of laws that protect some small business owners and their employees from excessive regulatory mandates.